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SUBJECT: NEXT IPR STEP: COMBATING TRANSSHIPMENT

REF: DUBAI 05 4626

1.(SBU) Summary: The Brand Owners Protection Group (BPG) held its public launch May 29, 2006 in Dubai. BPG -- open to membership across the Arabian Peninsula -- seeks to collate and share brand owners' information on counterfeiting and piracy and to engage national and regional government authorities. The UAE has the lowest software piracy rate in the Middle East and North Africa, according to statistics from the International Data Corporation. However, Abu Dhabi has failed to take action against the illegal distribution of pay TV signals for nearly a year. The Dubai government established an IPR Committee to integrate its ministries' efforts against counterfeit goods. End Summary.

Dubai Businesses Establish Brand Owners Protection Group

2.(U) A new organization to fight counterfeiting, the Brand Owners Protection Group (BPG), held its public launch May 29, 2006 in Dubai, publicizing its goals and inviting other businesses to join its fight against counterfeiting in the GCC and Yemen. BPG -- established in late 2005 -- is a non-profit organization licensed by the Dubai Department for Economic Development. BPG is based in Dubai -- largely due to the city's importance as a transshipment hub for all goods, including illicit ones -- but open to membership across the Arabian Peninsula.

3.(U) Omar Shteivi, chairman of BPG and Nestle's Regional Intellectual Property Advisor, told PolEconoff BPG seeks to collate and share information on counterfeiting and piracy among brand owners and engage national and regional government authorities with this information. BPG members acknowledge that UAE authorities have made significant gains fighting distribution outlets and want to curb the transshipment of these goods on the Arabian Peninsula. It is also conducting an economic impact study on the cost of IPR violations in the UAE, scheduled for completion by the end of 2006. The group then hopes to expand its economic impact study to include Saudi Arabia in 2007. BPG plans to hold customs training in the UAE and conduct a media campaign to raise public awareness of the costs of illicit trade.

4.(SBU) Founding BPG members include manufacturers Beiersdorf, BMW, British American Tobacco, Daimler Chrysler, General Motors, Johnson and Johnson, Nestle, Philips, Proctor and Gamble, and Unilever, as well as legal representatives Al Tamimi and Co., Clyde and Co., Rouse and Co. International and Saba and Co. Representatives from other businesses contemplating membership, such as Kraft, Estee Lauder and Adidas, also attended. Most told PolEconoff they remain undecided about paying the annual fees -- 10,000 USD per year as a voting member or 5,000 USD per year as a non-voting member -- but whole-heartedly support BPG's

efforts.

Data Indicate UAE Has Lowest Software Piracy Rate in MENA ...

5.(U) A May 23 article in the English-language daily Gulf News reported that for the second straight year, the UAE has the lowest software piracy rate in the Middle East and North Africa. The International Data Corporation -- an information technology market research and forecasting firm -- recently released statistics indicating that the UAE's 2005 34 percent piracy rate -- identical to 2004 -- continues to be far below that of its neighbors and many European states. (reftel)

6.(SBU) Brand-holders and IPR groups such as the Arabian Anti-Piracy Alliance (AAA) believe optical disk piracy rates -- which include software, music, movies, video games etc. -- continue to decline in the UAE. As an example of recent enforcement actions that have helped maintain the low piracy rate, Abu Dhabi police raided businesses selling pirated optical media in December 2005. Police confiscated 67,000 pirated CD's and arrested six individuals involved. AAA CEO Scott Butler told Econoff that as a result of such raids, piracy rates of optical media in Abu Dhabi have been reduced by 75 percent.

... But Problems Remain

7.(SBU) Although the UAE -- and particularly Dubai -- has an excellent record in combating software and optical disk piracy, problems remain. In September 2005, AAA met with representatives of the federal Ministry of Interior and the Abu Dhabi police to discuss instances of a local cable company illegally redistributing pay TV signals to commercial and residential buildings in Abu Dhabi. At the request of the police, Embassy arranged for a December roundtable meeting

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between Abu Dhabi police and representatives of the pay TV companies. The stakeholder representatives explained the method of the piracy, and the economic loss their companies were suffering. Abu Dhabi police claimed they could not take action because they did not have sufficient training on this type of piracy. To respond to this concern, AAA coordinated a signal theft training January 15-16, 2006. Despite this training, Abu Dhabi police has not taken any action against the local cable company. AAA has raised this issue with the Ministry of Economy (which formally regulates IPR issues), and the Embassy is in the process of setting up a meeting with the MinEcon official responsible for piracy issues.

Dubai Establishes IPR Committee

8.(SBU) In April, Dubai government entities announced the creation of a unified committee to combat all types of IPR infringement. According to Khalid Babiker al Nour -- Dubai Customs IPR unit's legal advisor -- the unified approach is necessary to effectively deal with the problem. He stressed the importance of sharing information between entities such as Dubai's Department of Health and its Department of Economic Development to make enforcement more effective. Yousef Ozair Mubarak, manager of the Dubai Customs IPR Unit, told PolEconoff the committee meets roughly once a month to coordinate actions, while more informal cooperation and information sharing are continuous. He pointed to recent successes intercepting counterfeit pharmaceuticals as a direct result of the closer collaboration with Dubai's Department of Health.

9.(SBU) Comment: BPG's expanding focus on regional transshipment of counterfeit goods illustrates that anti-counterfeit enforcement in the UAE is largely successful and businesses are moving to the next issue. Although transshipment remains a major concern, Dubai's new IPR Committee is another positive sign that UAE government officials remain engaged on the issue and are actively improving their

capabilities.

10.(U) This cable was cleared with Embassy Abu Dhabi.
BURNS